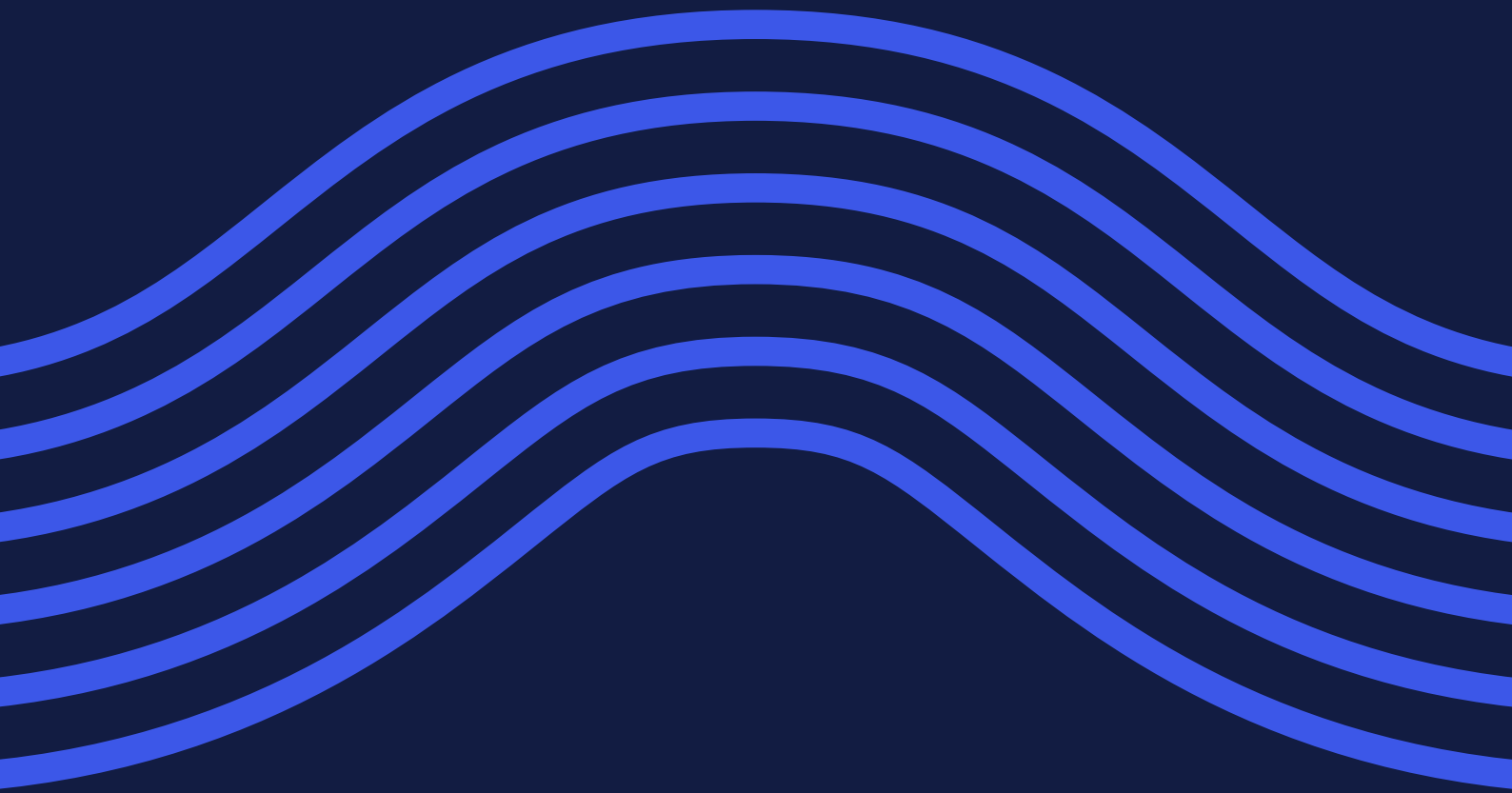


# Indicative Wholesale Charges Scheme 2025/2026

**Board Assurance Statement**



Published October 2024



**YorkshireWater**

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# **2025/2026 Indicative Wholesale Charges Board Assurance Statement**

# 2025/2026 Indicative Wholesale Charges Board Assurance Statement

**In making this assurance statement, the Board has considered the requirements set out by Ofwat in its Wholesale Charging Rules, published in October 2021, and confirms that, to the best of its knowledge, having made all due inquiries and based on appropriate sources of evidence, that:**

- a) the company complies with its legal obligations relating to the indicative Wholesale Charges it has published;
- b) the Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;
- c) the company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its indicative Wholesale Charges is accurate;
- d) the company has consulted with relevant stakeholders in a timely and effective manner on its indicative Wholesale Charges;

The Board would like to highlight the impact of the timings of the 2024 Price Review (PR24), which will confirm our wholesale revenue allowances in the Final Determination (FD). The FD is currently forecast to be published in December 2024, although Ofwat have until the 31 January 2025 to publish the FD, and so we have set our indicative Wholesale Charges using a reasonable expectation of the allowed revenues that we will receive. We have reported a range of tariffs within our indicative Wholesale Charges 2025/2026, based on the overall revenues set in the Ofwat Draft Determination (DD) and the revenues proposed in our subsequent DD representation.

Our final charges will be updated to align with the revenue allowances within the Ofwat Final Determination, which are likely to be within the range published.

After taking into account the considerations noted above, Yorkshire Water anticipate that the final Wholesale Charges will differ by more than an indexation variance to the indicative Wholesale Charges, however we are assuming that they will not fall outside of the range published.

The Board owns and is accountable for the development of the indicative Wholesale Charges document. The indicative Wholesale Charges document and this supporting assurance statement was approved collectively by the Board in October 2024.

## 2025/2026 indicative Wholesale Charges Board Assurance Statement

Signed by Yorkshire Water Services Limited Board of Directors



**Vanda Murray**  
Independent Non-Executive Chair



**Nicola Shaw**  
Chief Executive Officer



**Paul Inman**  
Chief Finance Officer



**Andrew Merrick**  
Independent Non-Executive Director



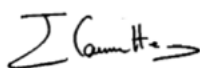
**Julia Unwin**  
Independent Non-Executive Director



**Andrew Wyllie**  
Senior Independent Director



**Andrew Dench**  
Non-Executive Director



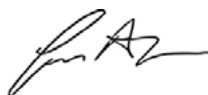
**Isabelle Caumette**  
Non-Executive Director



**Wendy Barnes**  
Independent Non-Executive Director



**Russ Houlden**  
Non-Executive Director



**Furqan Alamgir**  
Independent Non-Executive Director

# Charges data assurance summary



# Charges data assurance summary

**The governance in place and the assurance process detailed below in the production of the indicative Wholesale Charges, allows the Board to review and provide confidence in the charges we publish and the assurance processes we have followed.**

## **The Board of Directors sign the 'Board Assurance Statement' which confirms:**

- The Charges comply with our legal requirements.
- The Board has reviewed the effects of the 2025/2026 charges on customer bills for a range of customer types to assess if bill increases have exceeded 5%.
- We have consulted with the relevant stakeholders in a timely and effective manner.
- Appropriate systems and processes are in place to ensure the data and information contained in the Charges and additional information is accurate.

Whilst we have not made any significant changes to methodology or introduced any new tariffs, we have seen an increase in our indicative Wholesale Charges bill assessment impact of between 6.3% to 24.0%.

We have targeted the revenue allowances from the published Ofwat Draft Determination and the YW submitted Draft Determination Representation for the PR24 price control. Our final Wholesale Charges will be updated to align with the revenue allowances within the Ofwat Final Determination, which is currently due on the 19 December 2024, but may be delayed up until the 31 January 2025.

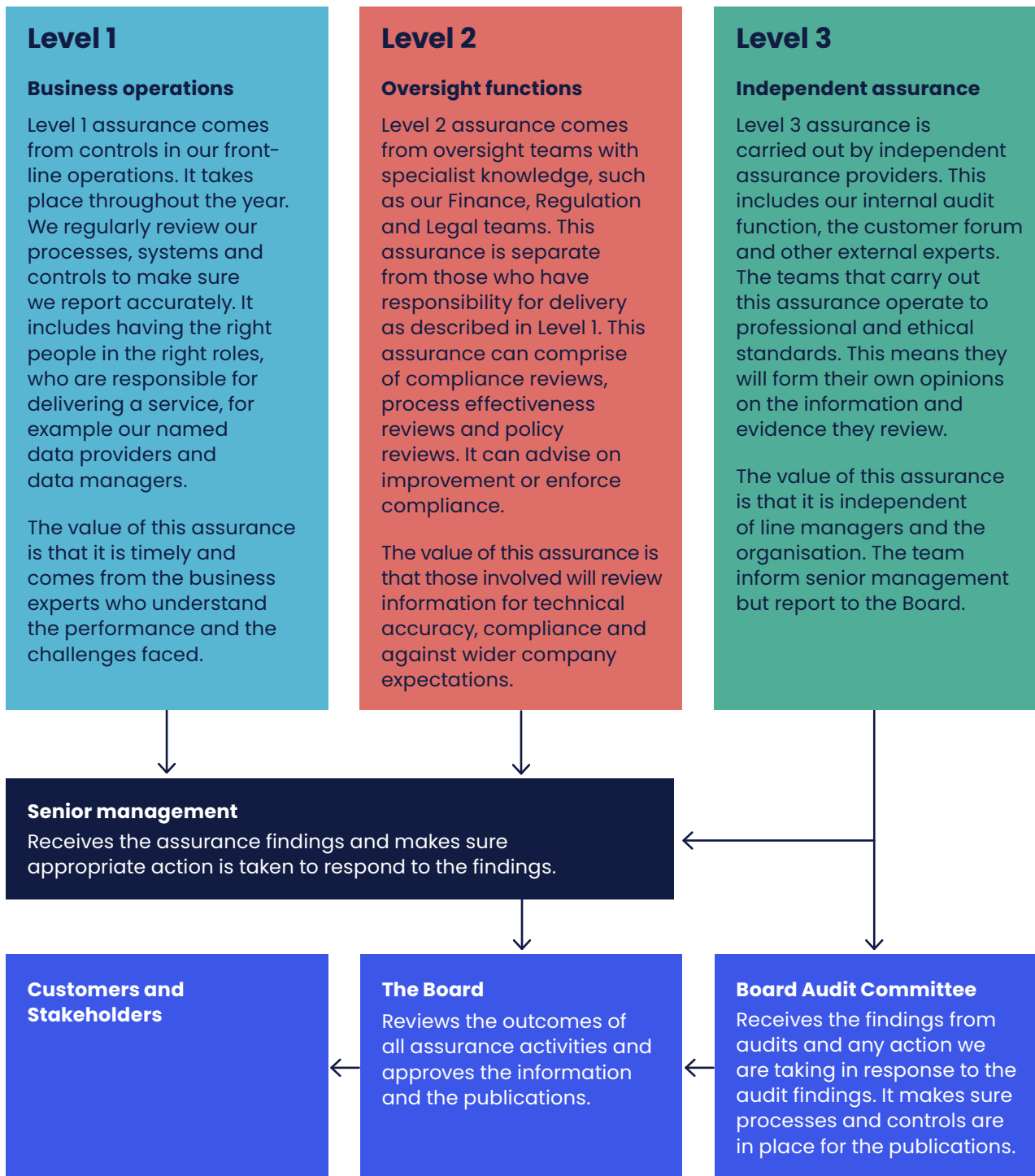
After taking the considerations noted above, we anticipate that the final Wholesale Charges will differ by more than an indexation variance to the indicative Wholesale Charges. As per the Wholesale Charging guidance we will publish the explanation of movements within the Board Assurance Statement, which will accompany the Final Wholesale Charges.

## **Completed assurance levels explained**

By mapping our assurance activities into three levels, the Board are given confidence that sufficient assurance is provided at the right time. Challenges can be investigated and an explanation provided at the earliest opportunity. A description of the levels of assurance is provided in the diagram on the next page. This includes both internal and external review.



## Charges assurance levels explained



### Level 1:

- All data inputs into the tariff model are from assured data sources, internal experts or forecasted.
- The tariff model is updated, and calculation input checks are reviewed.
- All movements in tariffs are reviewed and bill impacts assessed.
- Level 1 assurance ensures we remain compliant with the relevant revenue controls.
- Level 1 assurance confirms we are compliant with the published charges, principles and guidelines.

## Level 2:

- The Tariff Steering Group, which included internal business experts in regulatory finance, retail services and tariffs held several meetings to discuss charging policy, strategy and governance.
- A qualified member of our internal legal team is asked to agree any changes to the charges scheme book.
- The Tariff Steering Group has confirmed that the methodology has been followed, the resulting charges comply with the charging guidance requirements, the proposed tariffs meet regulatory requirements and the assurance process has been completed.

## Level 3:

- External independent assurance was provided by our assurance provider Baringa, they;
  - audited the charges model to ensure the calculations are robust and the model is fit for purpose.
  - audited the charges model for compliance with charging principles and guidelines.
- A paper is submitted to the Board which contains;
  - a summary of the auditor's findings – this allows a check to the Charging principles and guidelines;
  - the timetable for completion – this gives confidence the process is under control and all reporting requirements will be achieved;
  - tables comparing charges – this provides a transparent review of the movements in charges.
- Internal Audit complete an annual billing audit, to confirm that the tariffs have been included within the billing system correctly.

# Stakeholder consultation table



## Stakeholder consultation table

Date	Overview	Details of correspondence	Stakeholder	Yorkshire Water Response
Sep 2024	Tariff Simplification	Retailers & Strategic Panel have requested we align to the RWG Good Practice Guide. Retailer feedback was generally consistent, requesting that we do align with the Good Practice guide, highlighting harmonisation on top of simplification.	Retailers, Strategic Panel, RWG	We will review prior to April 2025 whether we can align with the RWG good practice while remaining compliant. If by aligning with the RWG good practice this would create issues with other market and/or regulatory obligations, we will not change our approach to align with the RWG. If we can align with the good practice without creating market and/or regulatory obligation issues, and we are able to adapt our systems and processes, then we will change our policy to align with RWG.
Sep 2024	Vacancy Charging	We proposed changing YW methodology to start charging volumetric charges on vacant premises. Retailers were split on views; depended on whether income was balanced between HH/NHH, timescale for implementation, and data assurance. Retailers suggested we seek different methodologies to bring false vacants into charge - they did acknowledge that this is an ongoing issue for the market.	Retailers	If we decide to change the policy, we will give a minimum of six months notice prior to implementing this change. Any change to policy will be put live at the beginning of the financial year.
Sep 2024	Leakage Allowance Policy	Our proposal is to align to the RWG Good Practice guide and extend the claim period from six months to twelve months. Retailers were supportive of this proposal, and made suggestions on how to best implement the change to the policy. CCW have held several allowance workshops through 2023/2024 and have asked wholesalers to reduce market frictions in this space.	Retailers, CCW	The policy will be updated and published in advance of 1st April 2025. Our intention is to align with the RWG good practice guide from the start of the financial year.

## Stakeholder consultation table

Date	Overview	Details of correspondence	Stakeholder	Yorkshire Water Response
Sep 2024	Smart Meter Abortive Charges	The proposal was to set up a new non-primary charge for aborted smart meter visits, with retailers charged as with other non-primary charges. Retailers opposed this proposal, due to their lack of involvement in the appointment process.	Retailers	We will take the retailers feedback on board and consider whether a non-primary charge to retailers is appropriate or if this should be charged to customers directly. We will seek to be consistent with other wholesalers' practice in this area.
04/10/2024	CCWater request for information on 2025/2026 impacts.	We received a request for information from CCWater for an update on our plans for 2025/2026 charges with respect to whether we are planning any changes to our charges or attempting any rebalancing of charges that could potentially create bill shocks (or changes in charges which are significantly different from the norm) for some customers.	CCW	We completed the CCWater template to reflect the impacts on bills are assessed as being between 6% and 24%, this range reflects the impact of the Ofwat DD revenues as the lower range and the YW submitted DD representation as the top of the range.
07/10/2024	Teams meeting with CCWater to discuss the indicative Wholesale Charges for October 2024.	YW met with CCWater to discuss the approach to the publication of indicative Wholesale Charges. The impacts on bills are assessed as being between 6% and 24%, this range reflects the impact of the Ofwat DD revenues as the lower range and the YW submitted DD representation as the top of the range.	CCW	
To be arranged in Nov/Dec 2024	A liaison meeting with CCWater will be arranged to discuss impacts on tariffs due to Final Determination.		CCW	

# Thank you for reading



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YorkshireWater